

DCMA-OC

MEMORANDUM FOR PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE  
(ACQUISITION, TECHNOLOGY & LOGISTICS)  
SERVICE ACQUISITION EXECUTIVES  
DEPUTY UNDER SECRETARY OF DEFENSE  
(ACQUISITION REFORM)  
DEPUTY UNDER SECRETARY OF DEFENSE  
(LOGISTICS)  
DIRECTOR, DEFENSE PROCUREMENT  
DIRECTOR, DEFENSE LOGISTICS AGENCY  
DIRECTOR, DEFENSE CONTRACT AUDIT AGENCY  
CHAIRMAN, DEFENSE STANDARDIZATION COUNCIL  
DEPUTY CHIEF ENGINEER, NATIONAL AERONAUTICS  
AND SPACE ADMINISTRATION  
DEPUTY DIRECTOR, OFFICE OF COMMUNICATION,  
NAVIGATION, AND SURVEILLANCE SYSTEMS  
FEDERAL AVIATION ADMINISTRATION

SUBJECT: Single Process Initiative (SPI) Executive Council

The most recent quarterly meeting of the SPI Executive Council was held on June 22, 2000. Minutes of the meeting are attached for your information.

The next Council meeting is tentatively scheduled for September 21, 2000, Pentagon, Room 1E801, #7, 2-4 p.m. Please provide any suggested agenda topics for this next meeting by July 28, 2000. We will no longer be sending separate requests for agenda topics, as has been done in the past. Read-ahead material for each agenda topic should be provided by September 7, 2000. Suggested topics, read-ahead materials, and questions should be directed to Ms. Robin Schulze, Civil Military Integration Center, at (703) 767-2416 or e-mail [rschulze@hq.dcma.mil](mailto:rschulze@hq.dcma.mil).

/s/

TIMOTHY P. MALISHENKO  
Major General, USAF  
Executive Secretary, SPI Executive Council

Attachments

1. Minutes
2. List of Attendees

cc: See Distribution

Distribution List:

Mr. Kuzemka, Lockheed Martin

Mr. Ingersoll, Boeing

Mr. Lewandowski, AIA

Ms. Murphy, CODSIA

Ms. Wilson, Honeywell

Ms. Rusk, Raytheon

Mr. Sanford, Northrop Grumman

**SPI Executive Council**  
**June 22, 2000**  
**Minutes**

Opening Remarks

Ms. Donna Richbourg, ODUSD(AR), welcomed everyone to the meeting and introduced the agenda.

Elimination of Paid Cost Rule

Mr. Dave Ricci, DCMA, provided an update on the elimination of the Paid Cost Rule.

- Major Points:
  - DCMA has completed the corporate-level negotiations with four of the five targeted companies. DCMA is continuing negotiations with the fifth company.
  - The Senior Acquisition Executives authorized DCMA to proceed with the modifications to all existing contracts.
  - DCMA briefed the approach to senior policy representatives of the larger civilian agencies and plans to follow-up with letters to the civilian agency Senior Procurement Executives. NASA and NRO accepted the approach and will modify their contracts.

Challenges for Future of SPI

Ms. LeAntha Sumpter, ODUSD(AR), gave a presentation on the Challenges for the Future of SPI.

- Major Points:
  - The SPI Executive Council started as a bottoms-up resolution body to address bottlenecks in the SPI process. The SPI Executive Council should transition to both a bottoms-up and top-down acquisition reform issues resolution and tasking body. The council should work issues at the corporate-level. Global and highly visible acquisition reform issues should be brought to the SPI Executive Council for resolution or tasking. Industry and Government leaders need to be proactive.
  - The number of overage SPI concept papers has dropped from 79 on March 27, 2000 to 30 as of June 19, 2000. The SPI Management Team is aggressively reviewing all overage concept papers.
  - The new escalation process is in coordination. The new process:
    - Clearly defines who escalates
    - Provides more realistic time frames for escalation
    - Identifies the SPI Executive Council as the final arbiter for disagreements within DoD.
  - FAR Part 45 rewrite will be published by August 2000.
- General Discussion:
  - Working global and high visibility issues will be difficult, will require staying power, and will not be completed quickly.

- Industry agreed that a top-down flow works better with Corporate Councils. CODSIA expressed concern over how the top-down flow benefits companies without Corporate Councils.
- Industry made the point that SPI processing should be predisposed to approval.
- The SPI EC needs to encourage and have open, candid discussion in order to facilitate SPI workings.
- AIA is working several ongoing initiatives to facilitate SPI flow up/down between primes and suppliers.
- Industry primes should be able to accept approved SPIs from suppliers without having to process concept papers.
- DCMA does not record or report detailed rationale for withdrawn concept papers. Industry did not believe that an analysis of withdrawn concept papers would yield significant results since concept papers are not submitted unless all of the major customers tacitly support the concept paper, in theory. Additionally there was the concern that if industry participated in the analysis, it might appear that industry was putting their customer(s) on report, which would not be industry's intent or desire.
- There was discussion on the DFARS requirement for contracting officers to obtain concurrence of the requiring activity for previously approved SPIs. Mr. Soloway questioned the requirement to reevaluate previously approved SPI processes.

***Actions:***

- ***DCMA will provide the SPI Executive Council a status of overage SPI concept papers, and overage issues needing work, 30 days before each SPI Executive Council meeting.***
- ***ODUSD(AR) will evaluate the DFARS 211.273-3(b)(1) repurchase requirement and initiate changes as required.***

**Government Property SPIs**

Ms. Janice Hawk, DCMA, presented a briefing on Government Property SPIs.

- Major Points:
  - Twenty-two Government property SPIs have been approved at the local management council level. Forty Government property SPIs are currently open.
    - Many of the open concept papers address the same or similar issue.
    - Most require regulatory or statutory change.
    - Many of proposed changes will be fully or partially satisfied by the proposed FAR Part 45 rewrite. Proposed changes not fully satisfied by the proposed FAR Part 45 rewrite include:
      - Disposal of scrap
      - Elimination of Automatic Data Processing Equipment screen requirements
      - Low dollar value property
      - Rent free use
  - DCMA will continue to submit packages requesting regulatory changes to DDP on proposals consistent with the FAR Part 45 rewrite. DCMA will consolidate remaining proposals dealing with common issues on a class or corporate-wide basis, continue dialogue with industry, and submit deviation requests to DDP as necessary in

transitioning to the new rule.

#### Commercial Acquisition Policy Working Group

Ms. LeAntha Sumpter, ODUSD(AR), provided a status on the Commercial Acquisition Policy Working Group activities. This working group replaced the Commercial Designations Rapid Improvement Team (RIT).

- Major Points:
  - Industry and Government agree that separate policies are needed for market research and commercial acquisitions.
    - Market research policy will:
      - Include a global requirement for all acquisition personnel
      - Clarify the breadth and depth of market research expectations
      - Define phases of market research
      - Clarify market research appropriate for the circumstance
    - Commercial acquisition policy will:
      - Establish top-level management expectations for the Department
      - Clarify commercial FAR Part 12 practices
      - Refine the FAR Part 12 acquisition goals
  - The working group is obtaining a legal determination regarding commercial designation for classes of items.
  - The working group will establish a central repository for all commercial item determinations as a pilot program. Industry associations are considering an industry equivalent database that will link with the Government system.
- General Discussion:
  - Industry is starting with the simplest commercial item determinations and getting corporate buy-in that the item is commercial.
  - At some point, the discussion needs to evolve from classes of commercial items to commercial processes. Designation of commercial classes of items may be an interim step toward defining commercial processes.
  - The thinking is that the new paradigm would require the PCO to justify when something was *not* commercial.
  - Commercial items could be determined utilizing a commercial item template that would be utilized by the Department as a standardized process.

#### ***Action:***

- ***ODUSD(AR) will provide Col Parsons backup data on the target universe for FAR Part 12 acquisitions.***

#### AIA Supplier Management Council Update

Mr. Bill Lewandowski, AIA, presented an update on Supplier Management Council resolutions.

- Major Points:
  - The resolution for implementation of the industry-wide Electronic Data Interchange system has been approved. AIA members should develop an implementation plan within

- six months and implement the resolution within 12 months of the plan development.
- The AIA Supplier SPI Working Group has developed a list of potential industry-wide commercial SPI standards that suppliers could adopt without submitting concept papers. The working group submitted 18 potential standards to the Technical Operations Council of AIA. If approved, suppliers could adopt the standard without submitting concept papers. If suppliers do not implement the entire standard, a concept paper is required. Suppliers will be allowed to retain any instant savings.
- The AIA Supplier SPI Working Group is working a pilot program for commercial item determinations. The group is developing a commercial item template and pursuing corporate SPIs to eliminate multiple and different commercial item determinations.
- AIA Supplier Working Group is considering the use of RITs to accelerate change.
- Mr. Lewandowski asked the SPI Executive Council if the ISO 9000-2000 migration would require contract changes.
- General Discussion:
  - Industry would like to apply the industry-wide recognized ISO 9000-2000 standard to existing contracts. The amount of flexibility to retroactively apply the new standard to existing contracts should be evaluated.
- **Action:**
  - ***DCMA will take the lead on the ISO 9000-2000 migration and provide an initial assessment at the next SPI Executive Council meeting.***

#### Potential Global Issues for SPI Executive Council Discussion

Ms. LeAntha Sumpter, ODUSD(AR), presented a list of potential global issues for SPI Executive Council discussion.

- Major Points:
  - Aging Issues:
    - Adoption of Alternate Release Procedures (ARP) as the default alternative for Certificate of Conformance (CoC).
    - Develop an expedited process for implementing wide ranging engineering changes to products.
  - New Issues:
    - Revise the disputes clause to make Alternate Dispute Resolution (ADR) the recommended action for resolving disputes and pursue immediate FAR waiver/deviation.
    - Involve industry in the closeout process plan for the Mechanization of Contract Administration Services (MOCAS) System transition to the Defense Procurement Payment System (DPPS).
    - Industry develop a process and database for approved patents that is accessible via the Internet and streamline the patent closeout process.
    - Evaluate CAS Disclosure Statement reporting requirements for single business segment statements.
    - Assess effect on DoD systems of the change from SIC codes to Department of Commerce NARA coding.

- Recent Success Effective August 7, 2000:
  - Change the FAR to allow retroactive application of FAR changes.
- General Discussion:
  - Ms. Sumpter reviewed key points for each issue.
  - Maj Gen Malishenko requested that future issues be provided to the SPI Executive Council in advance of the meetings so participants can be prepared to discuss the issues.

***Actions:***

- ***Industry agreed to look at pursuing the CoC, ADR, and CAS Disclosure Statement issues.***
- ***DCMA will provide clarification on the CoC and ARP issues.***
- ***DCMA will meet with industry to discuss closeout efforts for transition from MOCAS to DPPS.***
- ***DCMA and AIA will each evaluate the data system impacts on the change from SIC to NARA codes.***
- ***ODUSD(AR) will provide future potential global issues to the SPI Executive Council 14 days before each Executive Council meeting. These issues will be included as part of the agenda in future meetings.***

**Closing Remarks:**

Ms. Sumpter thanked all for attending and adjourned the meeting. The next meeting will be held on September 21, 2000, 2-4 p.m. in the Pentagon, Room 1E801 #7.

**SPI Executive Council  
March 27, 2000  
List of Attendees**

<b>Council Member or Designated Representative</b>	<b>Representing</b>	<b>Phone</b>	<b>Fax</b>	<b>E-Mail</b>
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 <b>Presenters</b>				
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 <b>Industry Invitees</b>				
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